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Satellite

METAL MINES LIMITED

Annual Report

For the Year Ended December 31st, 1968

DIRECTORS

M. J. BOYLEN	TORONTO, ONTARIO
PHILIP E. BOYLEN	TORONTO, ONTARIO
CHARLES B. BRANNIGAN	TORONTO, ONTARIO
D. W. GORDON	TORONTO, ONTARIO
GORDON L. MOORE	ISLINGTON, ONTARIO
GORDON F. PUSHIE	ST. JOHN'S, NEWFOUNDLAND
KEITH A. WALKER	FAIRPORT BEACH, ONTARIO

OFFICERS

M. J. BOYLEN	PRESIDENT
D. W. GORDON	VICE-PRESIDENT
GORDON L. MOORE	SECRETARY-TREASURER
CHARLES B. BRANNIGAN	ASSISTANT-SECRETARY

TRANSFER AGENT
AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA
Toronto, Ontario and Montreal, Quebec

AUDITORS

SNYDER, CRAIG & Co.
Toronto, Ontario

HEAD OFFICE

Suite 908 - 330 Bay Street
Toronto, Ontario

SATELLITE METAL MINES LIMITED

Satellite Metal Mines Limited

Directors' Report

To the Shareholders:

The financial statements of the Company for the fiscal year ended December 31, 1968, notes relevant thereto and the Report of the Auditors, are submitted herewith.

The Company was active in exploration during 1968. A brief resume of work carried out in the year and proposed for 1969 field season follows:

ONTARIO

SHAKESPEARE TOWNSHIP, DISTRICT OF SUDBURY

Your Company owns a freehold parcel of 17 acres in Shakespeare Township. There is considerable new mining development being performed in this area. In addition to the mining potential of this parcel it could be valuable building land as it adjoins the town of Webbwood.

LITTLE CURRENT RIVER AREA, SAULT STE. MARIE MINING DIVISION

A ground magnetometer survey was performed on the 13 claims held in this area south of the Albany River in northwestern Ontario. The precise location of the airborne anomaly was thus pinpointed and it is planned to drill test this during 1969.

AGNEW TOWNSHIP-UCHI-CONFEDERATION LAKES AREA, RED LAKE MINING DIVISION

Subsequent to year end, following the discovery of what may be an important base metal occurrence by Selco Explorations Limited in the Uchi-Confederation Lakes area of the Red Lake Mining Division of Ontario, a group of 24 claims were staked by the Company on the strike extension of the favourable structure. Consideration is now being given to carrying out a combined magnetic-electromagnetic airborne survey of our claim group in conjunction with other companies holding property in the area.

GAUTHIER TOWNSHIP, LARDER LAKE MINING DIVISION

Although considerable diamond exploration is going on in the area, the test work we carried out on the 17 optioned claims adjoining Upper Canada Mines Limited yielded only negative results and the option has been dropped.

QUEBEC

SEVEN ISLANDS AREA, LETELLIER TOWNSHIP

During last summer's field work sizeable extensions of radioactivity were discovered. It is now believed that a large area of uranium values occur in gently dipping pegmatite beds. As the occurrence has indications of open pit tonnage potential it is planned to diamond drill it during 1969. A very considerable amount of surface trenching has already been done with encouraging results. The claims are in good standing for the balance of this year.

BAIE JOHAN BEETZ URANIUM AREA

As the uranium mineralization known to occur on the Satellite claims at Lac Turgeon, Quebec, is similar in mode of occurrence to that found on the property adjoining it on the East it was decided to await results of work to be done there before carrying out additional testing on your Company's property. The claims are held in good standing in the meantime.

MONTAUBAN LES MINES

The Company retains in good standing its mining property at Montauban les Mines in the Province of Quebec comprising an area of approximately 760 acres.

NEW BRUNSWICK

PARISH OF NORTHESK

No work of any consequence was done on the New Brunswick property during 1968. Sufficient work has been performed previously to keep these claims in good standing until 1976.

NORTHWEST TERRITORIES

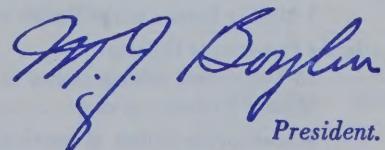
The Company holds a 10% interest in 1,080 mining claims on Victoria Island in the Northwest Territories. These claims, located some 600 miles north of the Arctic Circle, were staked to cover a copper bearing structure that is almost identical to that of the famous Michigan deposits of the Keeweenaw Peninsula. Field work carried out by Helicopter and specially-equipped fixed wing aircraft succeeded in locating some occurrences of native copper and high grade copper sulphide minerals during the summer of 1968. Additional work by this same consortium of companies is planned for 1969. The claims are in good standing until 1970.

GENERAL

The high intensity magnetic anomaly in the Mag Lake, Echoing River area, Northeastern Manitoba that was partially examined in 1968 was abandoned after it was discovered it had been drill tested previously.

Subsequent to year end a rights offering was made to shareholders resulting in 466,224 shares being issued to net the treasury \$139,867.

On behalf of the Board of Directors,



M.J. Boylan
President.

Toronto, Ontario,
April 18, 1969.

Satellite Metal

(Incorporated in)

Balance Sheet -

ASSETS

	1968	1967
CURRENT		
Cash	\$ 116	\$ 17,039
Bank deposit receipts	—	50,000
Accounts receivable	—	3,687
Prepaid expenses	—	790
	<hr/> 116	<hr/> 71,516
INVESTMENTS		
Shares of other mining companies having a quoted market value, at cost (Note 1) (Quoted market value \$22,000 — 1967 \$22,059)	64,890	64,890
Shares of other mining companies, at nominal value	1	1
	<hr/> 64,891	<hr/> 64,891
MINING PROPERTIES		
In the Province of Quebec, at cost:		
18 Mining claims and 1 mining concession in the Townships of Montauban and Chavigny	671,606	671,606
Land	2,950	2,950
50 Mining claims in the Township of Desherbiers and projected Township 1075, and	3,442	3,442
60 Mining claims in the Township of Letellier, Electoral District of Duplessis (1967-20 claims)	4,101	1,352
In the Province of New Brunswick, at cost:		
1 Mining license in the Parish of Northesk, County of Northumberland	21,371	21,371
In the Province of Ontario:		
13 Unpatented mining claims in the Little Current River Area, Sault Ste. Marie Mining Division, at cost	1,143	—
Miscellaneous claims at nominal values	2	2
Interest in other mining claims (Note 2)	8,228	1,340
	<hr/> 712,843	<hr/> 702,063
DEFERRED EXPENDITURES		
Exploration	141,382	89,460
	<hr/> \$ 919,232	<hr/> \$ 927,930

(See ac

Mines Limited

(Under the Laws of Ontario)

December 31, 1968

LIABILITIES

	1968	1967
CURRENT		
Accounts payable and accrued liabilities	\$ 20,930	\$ 5,840

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized:

5,000,000 Shares of \$1 par value \$5,000,000

Issued:

4,048,083 Shares (Note 3)	4,048,083	4,048,083
Less: Discount thereon	2,191,900	2,191,900
	<u>1,856,183</u>	<u>1,856,183</u>

CONTRIBUTED SURPLUS

Balance, end of year, unchanged	1,434,029	1,434,029
	<u>3,290,212</u>	<u>3,290,212</u>

DEFICIT

Balance, beginning of year	2,368,122	592,415
Add: Expenses incurred on the property situated at Montauban les Mines, Quebec, from 1953 to date	2,302	964,643
Loss on disposal of fixed assets and supplies at the above property	—	432,005
Administrative expenses, 1953 to date	9,913	337,102
Mining claims and options abandoned	1,340	4,937
Expenses on mining claims abandoned	162	29,043
Outside exploration	10,071	—
Investment valuation adjustment	—	7,977

Balance, end of year	2,391,910	2,368,122
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NET SHAREHOLDERS' EQUITY	898,302	922,090
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Approved on behalf of the Board

M. J. BOYLEN, Director

G. L. MOORE, Director

<u><u>\$ 919,232</u></u>	<u><u>\$ 927,930</u></u>
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SNYDER, CRAIG & CO.

CHARTERED ACCOUNTANTS

330 BAY STREET

TORONTO

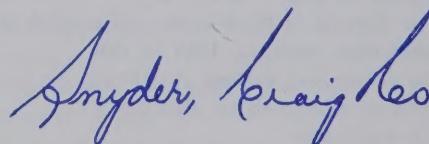
CANADA

To the Shareholders of
SATELLITE METAL MINES LIMITED,
Toronto, Ontario.

We have examined the Balance Sheet of Satellite Metal Mines Limited as at December 31, 1968 and the Statements of Exploration Expenses, Administrative Expenses and Source and Application of Funds for the year ended on that date, and the Notes to the Financial Statements. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No provision has been made for the excess of cost over market values of the investments in shares of other mining companies.

Subject to the above limitation, in our opinion, these Financial Statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

April 3, 1969.

Satellite Metal Mines Limited

Statement of Exploration Expenses

For the year ended December 31, 1968

	Outside Exploration	10% Interest	Option Gauthier Township Ontario	Little Current River Area		Seven Islands Area		Johan Beetz Area	
				Victoria Island Northwest Territories	1968	Sault Ste. Marie Mining Division Ontario	Letellier Township Quebec	1967	Desherbiers and Projected Township 1075 Quebec
Assays	\$ 7	\$ 9	\$ —	\$ —	\$ —	\$ 520	\$ —	\$ —	\$ 183
Consulting fees	238	36	270	90	954	189	189	1,642	
Geophysical surveys	2,164	—	1,255	2,012	4,087	456	456	1,376	
Line cutting	—	—	—	—	3,699	—	—	1,783	
Maps and blueprints	—	18	577	231	1,292	708	708	672	
Mining licenses	—	—	165	—	240	600	600	—	
Surface exploration	—	7,160	—	—	26,200	1,105	1,105	15,777	
Surface diamond drilling	7,662	—	—	—	—	—	—	—	
Total expenses carried to summary below	\$ 7,223	\$ 2,267	\$ 2,333	\$ 36,992	\$ 3,058	\$ 3,058	\$ 3,058	\$ 21,433	
Outside exploration written-off	\$ 10,071								
								1968	1967
Total expenses on owned, partially owned and optioned claims					\$ 51,873	\$ 21,433			
Miscellaneous expenses on inactive claims					2,513	8,171			
Balance of exploration and development expenses deferred, beginning of year					89,460	1,053,542			
Deduct: Exploration and development expenses written-off					143,846	1,083,146			
Balance of exploration expense deferred, end of year					2,464	993,686			
					\$ 141,382	\$ 89,460			

Satellite Metal Mines Limited

Statement of Administrative Expenses

For the year ended December 31, 1968

	1968	1967
Advertising	\$ 101	\$ 273
Corporation taxes	151	86
Directors' fees	2,800	2,100
Filing fees	35	560
General expense	250	376
Head office administration	3,000	2,550
Legal and audit	1,450	4,980
Listing and sustaining fees	200	200
Printing, stationery and supplies	155	2,270
Postage, telephone and telegraph	587	1,136
Reports to shareholders	1,434	1,631
Security registration	—	100
Transfer agent and registrar fees	1,452	3,386
	11,615	19,648
Less: Interest earned	1,702	16
	<u>\$ 9,913</u>	<u>\$ 19,632</u>

Statement of Source and Application of Funds

For the year ended December 31, 1968

	1968	1967
SOURCE OF FUNDS		
Issue of capital stock	\$ —	\$ 88,672
Sale of buildings, equipment and supplies	—	8,467
	—	97,139
APPLICATION OF FUNDS		
Acquisition of mining claims	3,892	4,794
Acquisition of option on and interest in other mining claims	8,228	1,340
Exploration expenses on active claims	51,873	21,433
Miscellaneous expenses on other claims	2,513	8,171
Outside exploration	10,071	—
Administrative expenses	9,913	19,632
	86,490	55,370
Resulting in an increase (decrease) in working capital of	<u>\$ (86,490)</u>	<u>\$ 41,769</u>
WORKING CAPITAL		
At beginning of year	\$ 65,676	\$ 23,907
Increase (decrease)	(86,490)	41,769
	<u>\$ (20,814)</u>	<u>\$ 65,676</u>

Satellite Metal Mines Limited

Notes to Financial Statements

December 31, 1968

INVESTMENTS

1. Investments held by the Company are:

	No. of Shares	Market Value 1968	Book Value 1967 & 1968
Beauche Placer Mining Co. Ltd.	300,100	\$ 21,007	\$ 60,032
Big Nama Creek Mines Ltd.	166	55	33
Key Anacon Mines Ltd.	1,285	938	4,825
		<u>\$ 22,000</u>	<u>\$ 64,890</u>

Escrowed Shares

Big Nama Creek Mines Ltd.	39,677	\$ 1
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The quoted market value in the aggregate for the shares of Beauche Placer Mining Co. Ltd., because of the large block involved, is not necessarily indicative of the amount that might be realized if this investment were sold.

The 300,000 shares of Beauche Placer Mining Co. Ltd. costing \$60,000 (quoted market value \$21,000) may not be sold without the prior consent of the Quebec Securities Commission.

INTEREST IN MINING CLAIMS

2. The Company has agreed to share 10% of the staking and exploration costs in respect of 1,080 mining claims on Victoria Island, Northwest Territories. The Company's share of the staking costs amounted to	\$ 7,208
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The Company has an option to purchase 17 unpatented mining claims in Gauthier Township, Larder Lake Mining Division. The initial payment called for under the agreement was \$1,020 and in order to acquire the claims, the following further payments must be made

On or before August 31, 1969	\$ 8,500
On or before August 31, 1970	17,000
	<u>\$ 25,500</u>
Total per Balance Sheet	\$ 8,228

RIGHTS OFFERING

3. Subsequent to the year end, the Company offered its shareholders the right to purchase one additional share of the Company's stock at 30 cents for every eight shares held. \$139,867 was received and 466,224 shares were issued under the offering.
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International Council of Scientific Unions

International Association of Geodesy

International Commission on the Iridium

Report of the Subcommission

for the Iridium

International Commission on the Iridium

International Association of Geodesy

International Council of Scientific Unions

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